

TREASURY ASSISTANT SECRETARY FOR FINANCIAL MARKETS
ANTHONY RYAN
MAY 2007 QUARTERLY REFUNDING STATEMENT

WASHINGTON, DC- We are offering \$32.0 billion of Treasury securities to refund approximately \$54.6 billion of privately held securities maturing on May 15 and to pay down approximately \$22.6 billion. The securities are:

- A new 3-year note in the amount of \$14.0 billion, maturing May 15, 2010;
- A new 10-year note in the amount of \$13.0 billion, maturing May 15, 2017;
- A reopening of the 30-year bond in the amount of \$5.0 billion, maturing February 15, 2037

These securities will be auctioned on a yield basis at 1:00 PM EDT on Monday, May 7, Tuesday May 8, and Thursday, May 10, respectively. All of these auctions will settle on Tuesday, May 15. The balance of our financing requirements will be met with weekly bills, monthly 2-year and 5-year notes, the June 10-year note reopening, and the July 10-year TIPS and 20-year TIPS reopening. Treasury also is likely to issue cash management bills in late May and early June.

Debt Issuance Considerations

Since our February 2007 statement, Treasury's ongoing monitoring of the fiscal and economic outlook has resulted in our decision to discontinue issuance of the 3-year note. Discontinuing the 3-year note will allow Treasury to ensure large liquid benchmark issuances, better balance its portfolio, and manage the improving fiscal outlook.

The final scheduled auction of the 3-year note will be held on May 7, 2007.

Treasury will continue to assess the fiscal and economic outlook and to review the size, frequency and issuance of securities.

Thirty-Year Bond Issuance

As noted in our August 2006 statement, Treasury will auction a new 29 ³/₄ - year bond with three months' accrued interest in August 2007, followed by a reopening of that bond in November 2007.

This new 29 ³/₄ - year bond will mature in May 2037.

Treasury Markets and Investor Participation

Treasury places great importance on maintaining a highly liquid and efficient government bond market. As part of ongoing efforts to enhance the efficiency of debt management operations, including reducing risks and lowering borrowing costs, we are examining ways to enhance our cash and debt management practices. In addition, as we stated in February, we are in the process of updating our auction system.

With respect to overall market efficiency and participation, Treasury acknowledges and supports private sector efforts to enhance the operating integrity of the Treasury marketplace, including the creation of principles-based guidance for all stakeholders in the US Treasury markets.

Please send comments and suggestions on these subjects or others relating to Treasury debt management to debt.management@do.treas.gov.

The next quarterly refunding announcement will take place on Wednesday, August 1, 2007.